

Letter from Gardiner Greene Hubbard to Alexander Graham Bell, December 1, 1878, with transcript

L. 1878 Telephone G.G.H. TO A.G.B. Dec.1 Wash. Mr Bell's claims against Co

I have just received your letter of the 29th Nov. and copy of your letter to the Ex. Comm. I have always before supposed that you did not wish to give up your professional work, and have therefore in my conversations with the Ex. Comm. so stated to them, and have procured the assent of Mr. Bradley to paying you a salary of \$200 a month from Nov.1st, for one-half of your time. Now I must see if a different arrangement can be made. Our company is not rich, and they may fear they ought not to incur so large an outlay. The promise of the future is very flattering as we have filled orders for 1,940 telephones last month, besides several hundred orders for battery telephones which are unfilled. Every order is accompanied by a draft for two dollars, which covers the expense of making the telephones. The average rental of our telephones is about \$5.00 a year. None are rented for less than 2 \$4 — some for \$6 and \$7. We should have been very well off, but we have been obliged to invest a large sum of money in the district telephone at Chicago, contrary to our intentions and plans () as to incur a debt & na (torn) cautions.

We shall have a meeting of our Executive Comm. at New York some time this week and will then decide. I shall propose that we accept your proposition, one quarter part to be paid by the New England Tel. Co., the balance by the Bell Tel. Co. I cannot, however, say that the proposition will be accepted. If it is the question will then arise where shall you live. Mrs. Hubbard thinks it will be much the best for you to live in Washington, for this winter at least. We shall then be together, and I can constantly aid and guide you by my suggestions. You can visit New 3 York every other week and confer fully with Mr. Watson and Mr. Vail. You will not find as large workshops here, but I think with the aid of Mr. Maynard and Messrs. Davis & Watts of Baltimore you will find all you require. At New York

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you would be drawn aside from all investigations in new fields, by the constant demands that would be made upon you for aid in the daily questions that arise in the telephone business. You might be of more immediate service to the company in New York, but this I think, would be at the expense of valuable researches and inventions of great future value.

In regard to your claims against Messrs. Sanders and myself, they are of two kinds: First, for expenses incurred by you prior to the organization of the Bell Telephone Association. I think this is a perfectly just claim, one that would have been met and 4 paid at the time if it had been presented by you. It is very true that either Mr. Sanders or myself should have recollected that you were at considerable expense on our account, and should have ascertained the amount and paid it. We were at fault in this. If you will now make up the amount we owe you, with interest, I will make arrangements, as soon as possible to pay my share and presume Mr. Sanders will do the same.

Your next claim, as I understand it is that we should have furnished the necessary capital to have put your invention into practical operation. If I understand this proposition you think we should have furnished from our two thirds of the patent, all the capital required — or in other words — that you should now hold one third of the stock in the New England Telephone Co., and in the Bell Telephone Co. This I never understood to be our 5 agreement and think on reflection you will see my view.

I supposed we were to furnish the money necessary to perfect the invention, and make it ready for practical operation, all this we did, we started the Bell Tel. Association without any capital, thinking our profits would pay all expenses, but we soon found that in order to render the telephone of any value, a call bell was necessary, and in our efforts to obtain a good call bell and furnish it to the public, we expended as nearly as we can ascertain up to the first of January, 1877, about \$25,000 for bells alone. It was the large debt that we incurred for bells which required us to organize the New England Tel.Co., and the Bell Tel. Company. If the telephone could have been worked as you invented it, without a call bell, you would still have owned one third of the patent and 6 Mr. Sanders and myself each one

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third. We have suffered as much as you have by this necessity, for a call forced upon us, for without it the invention would have been of little value.

It may be said that Mr. Sanders and myself did furnish all the capital necessary to put your inventions into practical operation. For all the additional capital required has been for the purchase of telephones and the construction of lines, and you could hardly have expected us to furnish the capital for all telephones, bell calls, batteries, lines and instruments of all kinds required to put your invention into practical operation over the entire country.

I should say a few words on another point. I understood that you were to give the time necessary to perfect your inventions, the inventions proved to be of greater value than was expected and you therefore gave more time than you expected. They also cost us more than we expected. You say the mere value of the profession which you have sacrificed — amounts to \$12,000. Now, on the other hand what have you received; your entire expenses of living from July, 1877 to the present time, save what debts you now owe more than at that time; also the amount now due from me to Mabel, \$5,000 and the bonds of hers for an equal amount, I think, say \$5,000; and the sum due to you from the Bell Tel. Co., say \$1,600 = \$11,600. Besides this you own a large amount of stock in the New England Tel. Co. and in the Bell Telephone Co. I believe I could find you a customer in this city that would give you \$50,000 cash for these stocks. I think, therefore, that if you open a Dr. and Cr. account, you would find you have earned many times more by telephone up to the present time than you could if you had devoted the same time to your former professional pursuits, — while I believe that after one year more the income from your telephone stocks will be much larger without any effort on your part than any sum you could have derived from your profession.

As long as you have made out an account of your sacrifices for telephone, I wish you would now for your own satisfaction make out a statement of the amounts you have recd. from Mr. Reynolds, from Mr. Roosevelt, from the English Company, with amount due

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you from the Bell Tel. Co. Then to this cash account add the present cash value of your telephone stocks, and see how the account stands.

We will try to make all this matter right and satisfactory to you, for I know you want only what is justly your due and that I mean you shall have. Mrs. Hubbard sends her love and says if you cannot make the account balance in any other way throw in Mabel and Elsie and then let her know how it stands.